

New Mexico Finance Authority
**207 Shelby St.
Santa Fe, NM 87501
(505) 984-1454**

**Minutes of Board Meeting
November 19, 2020
Via Zoom
Santa Fe, New Mexico**

Present:

A.J. Forte	Executive Director, NMML
Andrew J. Burke	Chief Financial Officer - NMSU
David A. Martinez	Public Member, Laguna, NM
Jon Clark	Designee for Secretary, NM Economic Dev. Dept.
Judi Kahl	Designee for Secretary, NM Environment Dept.
Katherine Miller, Chair	Santa Fe County Manager
Leslie Nathanson Juris, Board Secretary	Public Member, Santa Fe, NM
Marcos Trujillo	Designee for Acting Secretary, Dept. of Finance & Admin.
Matthew Lovato	Designee for Secretary, NMENRD
Steve Kopelman, Vice Chair	Executive Director, NMC

Absent:

Martin Abran Suazo	Public Member, Las Vegas, NM
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Finance Authority Staff:

Adam Johnson	Alex Orozco
Angela Quintana	Bryan Otero
Carmela Manzari	Ceryn Schoel
Charlotte Larragoite	Connie Marquez
Dan Opperman	Dora Cde Baca
Joe Durr	Joe Maldonado
John Brooks	LaRain Valdez
Leslie Medina	Lynn Taulbee
Maria Gallardo	Mark Lovato
Mary Finney	Marquita Russel
Michael Vonderheide	Michael Zavelle
Mona Killian	Norman Vuylsteke
Oscar Rodriguez	Rio Trujillo
Ron Cruz	Ryan Olguin
Shawna Johnson	Susan Rodriguez
Todd Johansen	

Guests:

Vicki Ballinger	City of Elephant Butte
Anne Browne	Sutin Thayer & Browne
F Lucero	

Sharon Seitz
Craig Dussinger
Edna Trager
David Shields
Stevie Olson
Susen Ellis
Suzanne Bruckner

Ponderosa Montessori
Bank of America Merrill Lynch
City of Elephant Butte
City of Elephant Butte
LFC
BOKF
Sutin Thayer & Browne

1. Call to Order and Roll Call. Chair Katherine Miller called the meeting to order at 9:00 a.m. A roll call established a quorum.

2. Approval of Agenda.

Member Kopelman moved, seconded by Member Nathanson-Juris, to approve the agenda. The motion passed 10 - 0 on a roll call vote.

3. Approval of the October 22, 2020 Board Minutes.

Member Kopelman moved, seconded by Member Trujillo, for approval of the October 22, 2020 Board minutes. The motion passed 10 – 0 on a roll call vote.

4. Report from the Chief Executive Officer. Ms. Marquita Russel reported on the following:

- ✓ *Department of Transportation Bond Sale Report.* Following up from the October Board Meeting, Mr. Michael Zavelle re-presented the results of the successful Department of Transportation 2020C1 and 2020C2 bond sales.

The NMDOT senior lien tax-exempt 2020A series refunding bonds sold on October 14, 2020 in the par amount of \$63,195,000 with \$84,950,000 in non-stock orders received from institutional investors. Lead manager was RBC with co-managers Wells Fargo and Stifel Nicolaus. \$7,685,000 was outstanding in the 2023 maturity at the end of the order period, underwritten by RBC, but placed by RBC with Northern Trust by mid-day. Board member Steve Kopelman served as Board designee. The bonds will close on October 28, 2020. Bond proceeds will refund eligible components of NMDOT 2010A1, 2020A2 and 2010B bonds for NPV savings of \$7.55 million (11.1%).

The NMDOT 2020A tax-exempt bonds mature in 2025 with an average life of 3 years and an effective interest rate on a true interest cost (“TIC”) basis of 0.41% benefitting from the current historically low interest rate environment.

The high volumes and consequent emerging investor reluctance on yields were the biggest challenge for the NMFA NMDOT 2020A bonds with the large block size of the 3-year maturity, \$41,935,000, adding another dimension to the offering. On the day of the NMDOT 2020A sale, several borrowers pulled issues due to lack of interest at the pricing sought. For the NMDOT bond 2023 maturity, Northern Trust ultimately placed \$30,685,000 in orders. The PPRF and the NMDOT are comparable credits and are especially so for the NMDOT 2020A transaction given that it is a short-term refunding and not a large long-term borrowing for major highway infrastructure projects that would be likely to draw investor attention.

Other traditional volume buyers of NMFA bonds that placed orders were BlackRock, Breckinridge and Goldman Sachs. Buyers rounding out the orders all have a solid order history with NMFA.

✓ *Legislative Update*

The following will be presented to the NMFA Oversight Committee at the November 30, 2020 meeting for endorsement:

1. *Public Project Revolving Fund (“PPRF”) Authorization Bill*. This list is presented annually to the Legislature and begins as a relatively small list and is amended during the session. This year NMFA’s list is being compiled using direct electronic mail first to those entities whose current authorization is expiring and then expanding to larger email blast to qualified entities.
2. *Water Trust Board Legislative Authorization Bill*. This is an annual bill presented to the Legislature. As administrator of the Water Project Fund and staff to the Water Trust Board (“WTB”), NMFA shepherds this bill through the legislative process. The list is a formal recommendation made by the WTB at the November 24th meeting based upon recommendations made by a seven-agency technical team.
3. *Public Project Fund Appropriation Bill*. This bill contains four appropriations from the PPRF. The NMFA Act provides that up to 35% of the prior year’s GGRT may be appropriated to one of seven funds, administered by three different agencies. GGRT last year totaled \$33.7 million, 35% of which totals \$11.795 million. Below are the eligible funds pursuant to the Act; the total amount falls within the parameters set in law.
 - a. \$2.5 million to the Drinking Water State Revolving Loan Fund administered by NMFA
 - b. \$2 million to the Local Government Planning Fund, administered by NMFA
 - c. \$1.8 million to the Clean Water State Revolving Loan Fund administered by the New Mexico Environment Department
 - d. \$5 million to the Cultural Affairs Infrastructure Fund administered by the Department of Cultural Affairs

✓ *Small Business Recovery Loan Fund:*

Staff has increased its outreach and education efforts through digital and print advertising in newspapers in Hobbs, Santa Fe, Albuquerque, Gallup, Las Cruces, Farmington, Silver City, Carlsbad and Espanola. Additionally, direct email blasts to targeted lists will continue and staff will begin placing social media buys coordinated through the Department of Transportation who prepared the advertising for NMFA.

As of November 12th NMFA has made 612 loans totaling \$28,194,260 to small businesses located in 25 counties. At this pace, the NMFA does not expect to make more than \$40 million in loans. As a result, NMFA sent back to the State Investment Council \$60 million of the \$100 million drawn at the beginning of August so that the SIC can invest those funds again.

✓ *Interim Loan, Grant and Participation Modifications:* No modification requests were presented to NMFA in November.

Report from the Public Lending Committee. (*Committee members are Mr. A.J. Forte, Chair, Acting Secretary Debbie Romero (Mr. Marcos Trujillo), Secretary James Kenney (Ms. Judi Kahl), Mr. Steve Kopelman (Mr. Leandro Cordova) and Mr. David Martinez.*)

5. **Update on Activities.** A quorum of the Public Lending Committee met on November 10, 2020 via Zoom teleconference. Member Forte chaired the meeting with members Cordova, Trujillo, Martinez and Kahl in attendance. The Committee reviewed 4 LGPF projects, 3 PPRF projects discussing risks related to audit findings, a revised CIF loan, and 3 DWSRLF projects. The Committee recommended Board approval of the projects discussed notwithstanding the concerns with audit findings.
6. **Consideration and Recommendation for Approval of Canada de Los Alamos Mutual Domestic Water Consumers and Mutual Sewage Works Association (Santa Fe County) – Preliminary Engineering Report – PG-5451.** The Canada de Los Alamos MDW&MSWA (“Association”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a preliminary engineering report (“PER”) to evaluate the current water system and develop sustainable alternatives addressing the current water shortage from existing wells.
7. **Consideration and Recommendation for Approval of Village of Milan (Cibola County) – Preliminary Engineering Report (Water) – PG-5455.** The Village of Milan (“Village”) applied to the Local Government Planning Fund (“LGPF”) for \$25,000 to fund a Preliminary Engineering Report (“PER”) that will evaluate the Village’s aging water infrastructure and develop alternatives with recommendations to replace the needed infrastructure.
8. **Consideration and Recommendation for Approval of Village of Milan (Cibola County) – Preliminary Engineering Report (Wastewater) – PG-5449.** The Village of Milan (“Village”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a Preliminary Engineering Report (“PER”) that will evaluate the aging distribution system to include the aging lift stations with recommendations to replace the needed infrastructure by assisting the Village in determining how the wastewater distribution system can provide safe disposal of sewage in the future.
9. **Consideration and Recommendation for Approval of City of Tucumcari (Quay County) – Preliminary Engineering Report – PG-5461.** The City of Tucumcari (“City”) applied to the Local Government Planning Fund (“LGPF”) for \$50,000 to fund a Preliminary Engineering Report (“PER”) to evaluate the City's drinking water system to determine current conditions, needs, and identify potential solutions.

Member Kahl moved, seconded by Member Forte, for approval of agenda items 6 – 9. The motion passed 10 – 0 on a roll call vote.

10. **Consideration and Recommendation for Approval of Town of Clayton (Union County) – 2021 Refunding Series 2009 PPRF-2374 – PPRF-5399.** The Town of Clayton (“Town”) applied to the Public Project Revolving Fund (“PPRF”) for \$828,125 to refund its Series 2009 PPRF-2374 loan for economic savings purposes.

The NMFA tax-exempt Series 2009 loan closed in November 2009 for \$1,274,166 with a call date of November 13, 2019. The proceeds of the loan were used to install water and wastewater infrastructure from an existing well in the Town to the wastewater treatment facility and to Highway 87.

Based on the current market environment, the refunding of the Series 2009 PPRF loan would likely achieve a net present value savings of approximately 9% equating to \$82,000 over the life of the refunding loan. The maturity of the refunding bonds matches the terms of the refunded loan.

The Town will pledge the Net System Revenues of the Joint Utilities which is comprised of the water, wastewater, and solid waste revenues for the repayment of the loan. Staff utilized FY2019 revenues to determine debt service coverage of 1.56x.

The 2019 audit received an unmodified opinion with 6 findings including a material weakness and a significant deficiency. The Town submitted a corrective action plan.

- 11. Consideration and Recommendation for Approval of Edgewood Soil & Water conservation District (Torrance County) – 2021 Refunding of PPRF-1874 and New Money – PPRF-5448.** The Town of Edgewood (“Town”) applied to the Public Project Revolving Fund (“PPRF”) for \$156,196 to refund Series 2006 PPRF-1874 loan for economic savings purposes and a new money component to finance infrastructure improvements to the District’s agricultural building.

The NMFA tax-exempt Series 2006 loan closed in July 2006 for \$427,511 with a call date of July 14, 2016. The proceeds were used to construct an agricultural building for use by the District. The agricultural building provides a one stop shop for local landowners within the District’s area and serves as a demonstration site displaying conservation measures such as water harvesting, drip irrigation systems, and native plantings suitable for the desert Southwest.

The new money portion of the loan will be used for a combination of building improvements including an HVAC unit, (\$12,000), tile for the kitchen, hallway, and bathrooms (\$8,000), security gate with keypad (\$10,000), and resurfacing and restriping the parking lot (\$15,000).

Based on the current market environment, the refunding of the Series 2006 PPRF loan would likely achieve a net present value savings of approximately 2.8% equating to \$4,200 over the life of the refunding loan. The loan is presented with .75bp added to the rates thus reducing the savings to under the 3% threshold per PPRF policies. The District continues to make ACH payments to the existing loan which will reduce the closing par amount and increase the savings over the 3% threshold. The maturity of the refunding bonds extends the terms of the refunded loan for four years. The District will pledge the Net System Revenues of the District which includes the Mill Levy. Staff used a three-year average of revenues from 2017-2019 to determine service coverage of 2.33xs.

The 2019 audit received an unmodified opinion with 9 findings including 4 material weaknesses. The District provided a corrective action plan remedying the findings.

- 12. Consideration and Recommendation for Approval of City of Elephant Butte (Sierra County) – 2021 Technical Refunding/Restructure – PPRF-5450.** The City of Elephant Butte (“City”) applied to the Public Project Revolving Fund (“PPRF”) for \$418,672 for a refunding/restructure of its Series 2015 bond for technical purposes.

These Bonds were issued by the NMFA as tax exempt bonds under PPRF-3317 with a current pre-payment date of June 26, 2025. Staff requests that the pre-payment date be reset to allow for the technical refunding/restructure of the bonds.

The Series 2015 Bonds closed on June 26, 2015 with a par amount of \$595,984. The proceeds of

the loan were to be used for three separate projects; road construction, building renovation and expansion of the fire station. The road project funds were used to complete the final phases of road construction along Rock Canyon Road and serve as the match for a NMDOT MAP award.

In October 2019, the City requested, and the NMFA board approved, a scope change because a portion of the loan proceeds were to be used to remodel the “Annex” which is adjacent to City Hall. The Annex remodel proved to be more complex due to design changes and sky rocketing costs. Ultimately, the project was put on hold to determine the most efficient way to accomplish the City’s objectives. In addition, the City received a donation from a local resident of a metal building that met the specifications needed for the engine bay at the fire station.

The scope change allowed for the NMDOT approved municipal arterial project for the purposes of improvements including the reconstruction of various roads within the city limits.

Pursuant to the IRS rules and regulations, tax-exempt proceeds are required to be spent down within five years from the loan closing date. The deadline for the City to drawdown loan proceeds on PPRF-3317 was June 26, 2020. According to the City due to the ongoing pandemic, they were unable to finish the project by the required deadline.

Staff recommends paying down the existing loan (PPRF-3317) by applying the remaining program funds, debt service account and prior debt service reserve fund and issuing a new Taxable loan for the amount of the remaining balance in order to allow the City to pay off the outstanding requisitions related to Camino Cinco street project. The term of the new loan will remain the same.

The City will continue to pledge its distribution of the 3rd, 4th and 5th increments of the Municipal Local Option GRT towards repayment of the loan.

The FY2019 audit was a qualified opinion expressed by the auditor. This included nine findings including 7 repeat significant deficiencies and 2 were repeat material weaknesses. The city provided a corrective action plan.

Member Forte moved, seconded by Member Trujillo, for approval of Projects PPRF-5399, PPRF-5448, and PPRF-5450. The motion passed 10 – 0 on a roll call vote.

Member Clark departed the meeting.

- 13. Consideration and Recommendation for Revised Approval of Vista Del Rey Estates MDWCA (Doña Ana County) – Water Improvement Project – CIF-5193.** The Vista Del Rey Estates MDWCA (“Association”) requests a change to the funding terms for Project # 5193-CIF20 as approved on June 25, 2020.

The Board approved the final terms, structure and conditions of Colonias Infrastructure Funding (“CIF”) for \$707,217 to the Vista del Rey Estates MDWCA (“Association”) for its Water Infrastructure Project.

The approved funding structure consists of a 10% loan in the amount of \$70,722 and a 90% grant in the amount \$636,495. The loan component is a twenty-year term with a coverage ratio of 1.34xs and 0% interest. The Association is requesting to amend the structure to loan-in-lieu of match, changing the

funding structure to 20% loan in the amount of \$141,443 and 80% grant in the amount of \$565,774. Net system revenue of the joint utility is the revenue pledge, with debt service coverage in the proposed structure of 1.05xs.

Member Nathanson-Juris moved, seconded by Member Forte, for revised approval of Vista Del Rey Estates MDWCA Project CIF-5193. The motion passed 9 – 0.

- 14. Consideration and Recommendation for Approval of Camino Real Regional Utility Authority ((Doña Ana County)) – Arsenic Treatment Center – DW-5447.** The Camino Real Regional Authority (“Authority”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$1,114,000 to finance the cost of constructing an arsenic treatment facility that will treat water from the Authority’s border region wells which have arsenic concentrations above the EPA maximum contaminant level of 10 parts per billion.

The Authority is under a Stipulated Final Order and Settlement Agreement issued by the New Mexico Environment Department that requires the Authority to bring the border region wells into compliance with the arsenic maximum contaminant levels by December 31, 2022. The arsenic treatment facility will have a treatment capacity of 800 gpm (1.15 MGD) and will be located adjacent to the border region tank and booster station. The tank is the entry point to the distribution system and the sampling compliance point for the system.

The Authority qualifies for 75% principal forgiveness of \$835,500 and will utilize net system revenue of the Authority providing 2.23xs coverage as repayment for the loan.

- 15. Consideration and Recommendation for Approval of Los Alamos County – Otowi Well 2 House, Pumps, & Associated Equipment – DW-5456.** Los Alamos County (“County”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$2,525,000 to finance the cost to design a well house, pumps, and the associated equipment for Otowi Well #2.

The drilling of Otowi Well #2 was completed in 2018/2019 in Los Alamos Canyon to supply potable water demands for the County. The County owns and operates several potable water wells located throughout the County’s service area. Otowi Well #2 is a replacement well for the existing wells that are being retired or nearing the end of their service life.

The County will pledge net system revenue of the joint Utility with coverage at 2.23xs for repayment of the loan.

- 16. Consideration and Recommendation for Approval of City of Belen (Valencia County) – West Aragon Road Waterline Replacement – DW-5459.** The City of Belen (“City”) applied to the Drinking Water State Revolving Loan Fund (“DWSRLF”) for \$586,700 for the West Aragon Road Waterline Replacement

The City is in the process of receiving funding for pavement surface improvements for Aragon Road west of NM 314. The City would like to replace this waterline in order to prevent pavement cuts to the new pavement surface in the future.

The project primarily consists of, but is not limited to, water lines and associated appurtenances to be installed adjacent to and beneath Aragon Road between Mesa Road to the west and NM 314 to the east.

The City qualifies for 75% principal forgiveness of \$440,025. The City is pledging the Municipal Infrastructure GRT as repayment toward the loan with coverage at 59.04xs.

Member Kopelman moved, seconded by Member Kahl, for approval of Projects DW-5447, DW-5456, and Dw-5459. The motion passed 9 – 0 on a roll call vote.

Report from the Economic Development Committee (*Committee members are Secretary Alicia Keyes (Mr. Jon Clark), Chair, Secretary Sarah Cottrell Propst (Mr. Matthew Lovato), Secretary James Kenney (Ms. Judi Kahl), and Ms. Leslie Nathanson Juris.*)

17. Update on Activities. The Economic Development Committee met via Zoom teleconferencing on Tuesday, November 10th with a quorum of members present. Member Clark chaired the meeting with Members Lovato, Kahl, and Nathanson Juris in attendance. Staff reviewed the monthly Private Lending Portfolio, briefed the Committee on the delay with the sale of property in Taos, reviewed an Essential Services Working Capital Program application and one New Markets Tax Credit (“NMTC”) Small Loan Pool project. Staff briefed the Committee on the status of the tax credit closing that will fund the NMTC small loan pool. Staff reported to the Committee that the materials would be sent directly to the Board with a staff recommendation as several key documents were not ready for inclusion in the Committee materials.

18. Consideration and Recommendation for Approval of Ponderosa Montessori Inc. – (Los Alamos County) – ES-5343. Staff recommends approval of a \$250,000 Line of Credit (“LOC”) using the Essential Services Working Capital (“ESWCP”) Program for Ponderosa Montessori Inc. to support business operations during the COVID-19 Pandemic.

Ponderosa Montessori is requesting a six- month Line of Credit ("LOC") to support operations during the COVID-19 crisis. The operations are defined as salaries, rent, inventory and other operational costs. The LOC will not exceed the amount of \$250,000 and will convert to a permanent term loan on the balance of the LOC. The interest rate on the LOC and permanent term loan will be fixed at 1%.

Ponderosa Montessori located in White Rock NM, a 501(c)3 nonprofit, has served North-Central New Mexico since 1967 providing essential child care services in North-Central New Mexico and was the only child care center to remain open during the COVID-19 pandemic in order to provide needed child care for essential workers in that specific area of New Mexico.

This will be a direct obligation of Ponderosa Montessori Inc. The proposed commercial line of credit loan will be secured by tuition charges from Ponderosa Montessori. NMFA will have 2nd lien on tuition charges valued at \$367,652 as of August 31, 2020. This structure carries a loan to value of 67.9%. The proposed commercial line of credit will improve the cash position of Ponderosa Montessori and assist the childcare organization financially during the COVID-19 pandemic to help with working capital needs.

The LOC will be set up as a six-month advancing line at 1% fixed for the six-month life of the LOC.

At the end of six months, the borrower could request an additional six months if necessary. If there is a remaining balance at the maturity of the LOC, it will convert to a permanent term loan for four years at 1% interest rate with monthly principal and interest payments due.

Ponderosa Montessori has demonstrated an increase in revenue from \$424,019 to \$634,409 from years 2017 through 2019. Net income has increased from -\$3,852 to \$165,751 due to efficient budgeting of operating expenses. The schools cash position has gradually increased over time as well, which demonstrates a healthy growth. Their financial position reflects a healthy net worth, with a strong long-term asset base enough to support the proposed debt service of \$63,784.

Member Nathanson-Juris moved, seconded by Member Forte, for approval of Project ES-5388. The motion passed 9 – 0 on a roll call vote.

19. Consideration and Recommendation for Approval of Buffalo Group, LLC (Grant County) – SLP-5381. Buffalo Group LLC applied for Small Loan Pool NMTC financing for Qs Southern Bistro, LLC for \$500,000.

The Buffalo Group, LLC real estate holding company that was created to for the purpose of renovation of the property located in downtown Silver City. Qs Southern Bistro LLC is a multi-faceted New Mexico company which specializes in catering, restaurants, bars, and brewing services.

The Buffalo Project is a complete remodel of a 27,000 square foot building in the heart of downtown Silver City, New Mexico. The finished project will consist of a craft brewery, restaurant, marketplace, and living studio/condos. The project will also be the reopening of a historical, downtown bar in Silver City, as well as expanding the Branding Iron Brewery Company, a local brewery, with the relocation of the brew facilities to the basement.

This transaction will be considered for the first \$8 million Small Loan Pool. In addition, this loan will be a back-up to any other loan that may not move forward in the closing process of the small loan pool. The \$500,000 loan to Buffalo Group LLC. will be made by Finance New Mexico-Investor Series XXXV, LLC with capital provided by US Bancorp CDC (expected) and Finance New Mexico Service Company.

The Loan will carry the personal guarantees of Ronald C. Quintana and Ronald A. Quintana. In addition, staff will be requesting a guarantee from Qs Southern Bistro. The loan secured by first mortgage on the land and building. In addition, FNM will get an assignment of the lease contract between the Buffalo Group, LLC and Qs Southern Bistro.

Qs Southern Bistro has a sufficient balance sheet to cover its only debt which will be this financing for the renovation and expansion of the Buffalo Bar and incubator business concept. With over \$1.2 million in assets attributed to the business, the Quintana family is not over leverage relative to the size of their operations and taking on this debt should not present any problems.

Member Kahl moved, seconded by Member Kopelman, for approval of Buffalo Group LLC Project SLP-5381. The motion passed 9 – 0 on a roll call vote.

Report from the Finance & Disclosure Committee. (*Committee members are Mr. Martin Suazo, Chair, Mr. A.J. Forte, Secretary Alicia Keyes (Mr. Jon Clark), and Mr. David Martinez.*)

- 20. Update on Activities.** A quorum of the Finance & Disclosure Committee met on November 13, 2020 via Zoom teleconference. Member Suazo chaired the meeting with members Forte, Clark, Martinez and Trujillo in attendance. The Committee heard staff's recommendations for approval of waivers of the NMFA's Procurement Policy to extend the Wells Fargo Bank \$100 million Line of Credit and to extend the contract with Bank of Albuquerque for Trustee services. Staff presented the 1st quarter budget performance report as information.
- 21. Report on 1st Quarter Budget Performance Report.** Mr. Oscar Rodriguez, CFO, presented the 1st quarter budget performance report.
- 22. Consideration for Approval of a Waiver of the Finance Authority's Procurement Policy to Extend the Wells Fargo Bank \$100 Million Line-of-Credit.** Staff explained that the Finance Authority maintains a \$100 million line-of-credit for Public Project Revolving Fund ("PPRF") liquidity purposes. The existing line-of-credit is with Wells Fargo Bank and has been in effect since 2015, with a 2017 modification to provide greater liquidity flexibility. The Wells Fargo line-of-credit expires on December 8, 2020. Staff recommended extension of the line-of-credit, through a waiver of the Finance Authority's Procurement Policy, for an additional 3-years, with some reasonable modifications. Although the Finance Authority is not subject to the State Procurement Code ("Code"), its Procurement Policy was modeled in the spirit of the Code. As such, Section 13-1-150 does permit certain financial services contracts to extend past the four-year limitation imposed by the Code.
- 23. Consideration for Approval of a Waiver to the Finance Authority's Procurement Policy to Extend the Bank of Albuquerque Contract for Trustee Services.** Staff explained that due to the continuing implementation of EnABLE, and the fact that conducting an RFP at this time would cause significant hardship to the Finance Authority if a new provider were to be awarded a contract, staff recommended extending the trustee contract for a period of time not to exceed March, 2022. Although the Finance Authority is not subject to the State Procurement Code ("Code"), its Procurement Policy was modeled in the spirit of the Code. As such, Section 13-1-150 does permit contracts for trustee services to extend past the four-year limitation imposed by the Code.

Member Burke moved, seconded by Member Forte for approval of a waiver of the Finance Authority's Procurement Policy to extend the Wells Fargo Bank \$100 Million Line -of-Credit, and a waiver to the Finance authority's Procurement Policy to extend the Bank of Albuquerque Contract for Trustee Services. The motion passed 9 – 0 on a roll call.

Report from the Audit Committee (*Committee members are Mr. Andrew Burke, Chair, Mr. Martin Suazo, Secretary Sarah Cottrell Propst (Mr. Matthew Lovato), and Mr. Steve Kopelman (Mr. Leandro Cordova)*)

- 24. Update on Activities.** A quorum of the Audit Committee met on November 10, 2020 via Zoom teleconference. Member Burke chaired the meeting with Members Cordova and Lovato in attendance. Items discussed included:
- 1. Enable Project.** Staff reported that the reconciliation of MITAS to Enable for the PPRF through October 31, 2020 is nearly complete. The next step will be to submit to a review of the data migration to Deloitte Touche. Staff will then close out November in both MITAS and EnABLE and rely from then on solely on EnABLE.

2. **September Financial Statements.** Staff presented NMFA's balance sheet, income statement and cash flow statement as of September 30, 2020.
3. **Financial Performance Metrics.** Staff presented a draft list of five indicators to be used to analyze NMFA's financial performance each month: Current Ratio, Operating Cash- to-debt, Asset Turnover, Cost per Loan Receivable, and Risk Adjusted Bond Coverage. Staff noted this would mark the start of a longer conversation about financial performance metrics, hopefully ending with the approval in January of key indicators that would be presented with each monthly financial report. Staff explained how each of the proposed indicators would be calculated and that the ultimate aim was to follow with these indicators NMFA's financial performance in terms of its liquidity, solvency, sustainability and efficiency.
25. **Report on Financial Statements for the Quarter Ended September 2020.** Mr. Oscar Rodriguez and reviewed the financial statement for period ending September 2020. Staff presented NMFA's balance sheet, income statement and cash flow statement as of September 30, 2020. Staff reported that the results reflect there is still no impact on revenues or expenditures from the Covid-19 health emergency. At the end of the 3rd month of the fiscal year, total net position had improved increased \$3.4 million since year-end and now stands at \$565.8 million. In this same timeframe, total cash and investments increased \$111.7 million since last year and now stand at \$866.7 million.

26. **Next Board Meeting**

Thursday, December 17, 2020 – 9:00 a.m.
Location/Mode TBD
Santa Fe New Mexico

27. **Adjournment**

Member Kopelman moved, seconded by Member Nathanson-Juris, to adjourn the meeting. The motion passed 9 - 0.

The meeting adjourned at 11:00 a.m.

Islee Nathanson-Juris
Secretary
12/2/2020
Date